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RHEBAAA/DEPT OF ENERGY WASHINGTON DC  
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C O N F I D E N T I A L SECTION 01 OF 02 ANKARA 006623

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USDOC FOR 4212/ITA/MAC/CPD/CRUSNAK  
DOE FOR CHARLES WASHINGTON  
EUR ALSO FOR MATT BRYZA  
S/P FOR STEVE HELLMAN

E.O. 12958: DECL: 11/12/2016

TAGS: [ENRG](#) [EPET](#) [PREL](#) [TU](#) [GG](#) [AJ](#)

SUBJECT: TURKEY READY FOR SOLUTION ON WINTER CASPIAN GAS

REF: A. STATE 195627

[1](#)B. ANKARA 6569

[1](#)C. ANKARA 6396

Classified By: AMBASSADOR ROSS WILSON FOR REASONS 1.5 (B AND D)

[1](#)1. (C) SUMMARY: On the eve of his departure for the December 8 three-way meeting in Tbilisi on winter natural gas, Energy Minister Guler told Ambassador that Turkey was committed to following through on the political agreement made by leaders in Istanbul on the margins of the BTC opening to help Georgia get gas to get through this winter. However, he insisted there must be suitable arrangements and compensation for costs to Turkey from postponing rights under its contract with the Shah Deniz consortium. Ambassador encouraged Turkey to exercise a leadership role, mindful of the existential risks faced by Georgia. The Minister said that he would not be able to participate in a proposed follow-on meeting December 14, given an oft-postponed commitment to travel to Israel on that date. Ambassador urged the protagonists in Tbilisi to reach agreement on a date for a follow-on meeting together with the consortium toward achieving a commercial solution agreeable to all. The USG would be available to facilitate such a meeting, he said. End Summary.

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Three Ministers in Tbilisi - We Need Gas in the Winter Too!  
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[1](#)2. (C) Reminding Guler of the agreement made by leaders in Istanbul on the margin of the BTC opening last July, Ambassador asked the Minister to exercise a leadership role at the December 8 three-way meeting in Tbilisi, especially given the immense stakes involved and threats to Georgia and Azerbaijan (Refs). Ambassador noted that there should be a series of bilateral discussions, but some conversations could only take place among all three.

[1](#)3. (C) The Minister said he had been waiting for agreement between Azerbaijan and Georgia as was agreed at the July meeting. He noted that given negotiations with and pressure

from Russia, Azerbaijan had delayed meeting until recently, and there was still no clear understanding between Azerbaijan and Georgia. Guler understood the difficulties of the two countries, but Turkey needed gas itself, particularly in the winter, given the unreliability of Iran as a supplier. The Minister highlighted two separate problems. First, the GOAZ now claimed the Shah Deniz gas for itself, but Turkey's contract is with the consortium. Second, the issue of price was alarming the Turkish public and fanning political tension; for example, the issue of the price of gas to be delivered to Greece via TGI was criticized in the press as much less than the price for gas from Russia. Guler joked that he will likely be greeted as a "savior" in Tbilisi, adding, "We ARE willing to give, but we cannot."

14. (C) Ambassador characterized the December 8 meeting as an important opportunity to delineate gas demand and existing and potential supplies and alternatives. He recognized that any solution will have to recognize that Turkey would bear significant costs for potentially postponing delivery of Azerbaijani gas and Turkey would have to be compensated for this cost. Ambassador stated that there were three key decision makers in Baku: President Ilham Aliyev himself, MOE Natic Aliyev, and MOF Samir Sharifov. Guler expressed frustration that Samir Sharifov never accepted his invitation to come to Ankara; rather DPM Abid Sharifov was sent.

15. (C) In the same meeting, acting DG Saltuk Duzyol stressed that Turkey was ready to receive contracted gas at its border. Moreover, he noted that Turkey had commitments to deliver some of that gas to Greece. Duzyol questioned how the GOAZ can force the consortium to give up gas for domestic consumption in Azerbaijan. Ambassador noted that BP and the consortium had some other issues with the GOAZ unrelated to

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Turkey or South Caucasus gas. He recommended that Turkey seek to avoid getting in the middle of these unrelated issues. Duzyol repeated that Turkey had a particular need to receive contracted gas during the winter months. He noted that Iran was unreliable even now when Teheran was minus 2 celsius; at minus 10, Turkey certainly cannot count on Iran.

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Next Step? Follow-on Meeting in Baku December 14?  
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16. (C) Guler said he would be unable to reschedule his oft-postponed trip to Israel December 13-15 (Turkey-Israel energy cooperation is also important) to attend a December 14 meeting in Baku; he asked if a different date couldn't be set. Ambassador recommended that the parties determine the next steps and timing while in Tbilisi. He repeated the offer of the USG to participate in a follow-on session including the consortium, if that would be helpful. Ambassador said that the USG would be prepared to use its influence in capitals to help forge a solution. He repeated that Turkey's contribution would be critical, but he understood that it could not be charity. Ambassador reminded the Minister that the countries will get the best deal vis a vis Russia if they work together, rather than separately.

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WILSON